

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 AGRE-00 CEA-01 CIAE-00 COME-00
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-----101752Z 108200 /53
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FM SECSTATE WASHDC
TO AMEMBASSY BUCHAREST

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E.O. 11652: N/A

TAGS: ETRD, RO

SUBJECT: USITC ANTIDUMPING INVESTIGATION OF CLEAR GLASS
FROM ROMANIA

REF: A) BUCHAREST 1151; B) STATE 17872; C) STATE 9699; D)
STATE 6317

1. SUMMARY: ITC CONCLUDED HEARINGS ON ROMANIAN CLEAR
GLASS IMPORTS. COUNSELS REPRESENTING THREE U.S. GLASS
PRODUCERS AND REPRESENTING ROMSIT AND TWO DOMESTIC IMPORT-
ERS PRESENTED ARGUMENTS WHICH CENTERED ON DEFINITION OF
THE DOMESTIC MARKET. THE LATTER ALSO ARGUED THAT THE
EARTHQUAKE WOULD DISRUPT ROMANIAN EXPORTS OF CLEAR GLASS.
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END SUMMARY.

2. ON MARCH 8, 1977, THE ITC CONDUCTED HEARINGS TO DETER-
MINE WHETHER A DOMESTIC INDUSTRY IS BEING OR IS LIKELY TO
BE INJURED, OR IS PREVENTED FROM BEING ESTABLISHED, BY
REASON OF THE IMPORTATION OF ROMANIAN CLEAR SHEET GLASS.
TREASURY DETERMINED THAT ROMANIAN SHEET GLASS WAS BEING

IMPORTED AT LESS THAN FAIR VALUE ON JANUARY 12, 1977.
THE ITC INJURY DETERMINATION WILL BE PUBLISHED ON OR
BEFORE APRIL 12, 1977.

3. ARGUMENTS CENTERED ON DEFINITION OF THE MARKET. COUNSEL FOR DOMESTIC PRODUCERS (LIBBEY-OWENS-FORD, PPG AND ASG) SAID THAT THE TOTAL DOMESTIC INDUSTRY CONSISTED OF THE SHEET GLASS MANUFACTURING FACILITIES (FOUR PLANTS) OF THOSE THREE COMPANIES AND THAT THE INDUSTRY WAS BEING INJURED BY A SWITCH TO FLOAT GLASS TECHNOLOGY, WHICH PRODUCED A SUPERIOR PRODUCT MORE CHEAPLY, BY A DECREASE IN HOUSING STARTS, AND BY CHEAP ROMANIAN IMPORTS. COUNSEL CITED A 1972 ITC RULING WHICH DIFFERENTIATED THE FLOAT AND REMAINING SHEET GLASS MARKETS BY PRODUCT THICKNESS. HE ALSO ARGUED THAT PRICE IS THE CONTROLLING FACTOR IN MAKING PURCHASES OF SHEET GLASS AND TRIED TO SHOW A CORRELATION BETWEEN THE INCREASE IN ROMANIAN IMPORTS AND THE DECREASE IN DOMESTIC PRODUCTION.

4. COUNSEL FOR ROMSIT AND TWO DOMESTIC IMPORTERS ARGUED THAT BECAUSE OF RECENT FLOAT TECHNOLOGY ADVANCES, THERE IS NOW COMPLETE SUBSTITUTABILITY BETWEEN FLOAT AND SHEET GLASS. DOMESTIC PRODUCERS ARE CLOSING SHEET GLASS PLANTS IN ORDER TO CONVERT TO FLOAT GLASS FACILITIES, AND DO NOT DISTINGUISH BETWEEN THE TWO PRODUCTS ON THEIR PRICE LISTS. THE INDUSTRY SHOULD BE DEFINED AS ALL FLAT GLASS PRODUCTION; METHOD OF MANUFACTURE IS NOT IMPORTANT. ROMANIAN IMPORTS HOLD AN INCONSEQUENTIAL (LESS THAN ONE PERCENT) SHARE OF THE FLAT GLASS MARKET. FURTHERMORE, BECAUSE LIMITED OFFICIAL USE

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ROMANIAN GLASS IS INFERIOR TO DOMESTIC PRODUCTS, IT MUST SELL AT A LOWER PRICE AND IT COMPETES NOT WITH SUPERIOR DOMESTIC PRODUCTS BUT WITH SIMILAR IMPORTS. TOTAL IMPORTS OF SHEET GLASS FROM ALL SOURCES HAVE DECREASED IN RECENT YEARS.

5. IMPORTERS' COUNSELS SUGGESTED THAT ALTHOUGH THEY DID NOT KNOW WHETHER THE EARTHQUAKE HAD DESTROYED GLASS-MANUFACTURING FACILITIES, PRODUCTION WOULD BE CURTAILED. THEY WERE SOMEWHAT CONTRADICTORY ABOUT EFFECT ON EXPORTS TO U.S., BUT AGREED THAT THERE WOULD BE SEVERE DISRUPTIONS FOR PERHAPS AS LONG AS THREE YEARS TO MEET INTERNAL NEEDS. ONE COUNSEL SAID THAT BEFORE THE EARTHQUAKE, ROMSIT HAD PLANNED TO SEND A CABLE FOR SUBMISSION TO ITC STATING THAT GLASS EXPORTS WOULD LIKELY BE DIVERTED FROM U.S. MARKETS TO OTHER COUNTRIES, NOTABLY LEBANON. COUNSEL ALSO SUGGESTED THAT CONTRACTS WITH AMERICAN FIRMS MAY NOT BE HONORED, AS A RESULT OF EARTHQUAKE AND DOMESTIC NEEDS. WHEN ASKED BY COMMISSIONER LHEATHER POSSIBLE CURTAILMENT OF GLASS SHIPMENT

NOW MADE INJURY DETERMINATION ACADEMIC, COUNSEL REPLIED THAT
A DETERMINATION OF NO INJURY WOULD BE IMPORTANT FOR ANY
RESUMPTION OF ROMANIAN EXPORTS.

6. (BEGIN LOU) FYI: ONLY ROMANIAN PRESENT AT HEARINGS,
A DEPUTY COMMERCIAL COUNSELOR FROM NEW YORK TRADE OFFICE,
WAS SOURCE OF COUNSELS' INFORMATION IN PARA 5. HE PRI-
VATELY REPEATED TO DEPARTMENT OFFICER PUBLISHED REPORTS
THAT FOUR OR FIVE YEARS WOULD BE NEEDED TO RESTORE ROMANIAN
INDUSTRY TO PRE-EARTHQUAKE PRODUCTION LEVELS. HE SAID
MAJOR DAMAGE WAS TO OILFIELDS AND THE STEELMILLS AT GALATI
AND RESITA, AS WELL AS FACILITIES AROUND BUCHAREST.
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